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TAGS: [AORC](#) [KNNP](#) [IAEA](#) [ENRG](#) [TRGY](#)
SUBJECT: IAEA MARCH BOARD: PREVIEW AND ANALYSIS

Ref: A) UNVIE 0047 and previous; B) Wickes-Timble email 2/13/2009

March Board Objectives

1.(SBU) The March 2-6 IAEA Board of Governors meeting, the first meeting under President Obama's Administration, will be a platform to enunciate enhanced U.S. support for the IAEA and renewed commitment to multilateral cooperation. Mission recommends that U.S. interventions at the Board reflect an overarching objective of building a robust IAEA that can effectively fulfill its nuclear safeguards, safety and security mandate and promote peaceful use of nuclear technology. Other delegations and the IAEA Secretariat will also closely track U.S. statements for signals of policy shifts, particularly on Iran and Syria. With this in mind, our objectives should include:

- Ensuring that the election of the next Director General is conducted in a timely manner with minimal disruption while securing Board support for DG term limits;
- Urging cooperation by Iran with the IAEA investigation, i.e. Iran's blockage of the investigation while ramping up its enrichment capacity is not an acceptable status quo, and such cooperation would take forward momentum on diplomatic engagement and direct dialogue;
- Signaling continued support for IAEA verification in Syria with an appropriate technical focus on the need for Syrian cooperation and access to debris and locations;
- Seek preliminary Board discussion of an International Nuclear Fuel Bank (INFB) and the Russian fuel assurance proposal with a view toward approval by the June Board.

The Arab Group may seek to further politicize the Syria investigation via counter-claims against Israel and raise the alleged use of Depleted Uranium (DU) munitions in Gaza under the Safety Review Agenda item or Any Other Business (reftel). USDEL should be ready to deflate Arab Group efforts that go beyond the mandate of the IAEA as a technical agency or that inappropriately link the issue of depleted uranium in Gaza with natural uranium found via the safeguards investigation in Syria.

12. (SBU) U.S. statements should take the high road and focus on the Administration's support for the IAEA as an institution, including in areas covered by the Safety and Nuclear Technology reviews, i.e. safety, security and technical cooperation. Agenda items on nuclear verification in Iran and Syria will be previewed septel upon the issuance of the respective DG reports. Although largely a placeholder, the DPRK agenda item affords an opportunity to reaffirm

the new Administration's commitment to the Six Party Process and IAEA role in verification. Toward the end of the Board session, the Chair will report on her consultations with Board members regarding the candidates for Director General. USDEL should express support for a timely and transparent process to elect the next DG and strenuously oppose any effort to postpone the election process until June. Although not yet on the Provisional Agenda, Geneva Group and other delegations are formally requesting the addition of an item on institutionalizing term limits for the Director General. An International Fuel Bank (INFB) is also not on the current agenda but Mission is consulting with the Director General on addition of an INFB as an information item for the March Board. Whether under a specific agenda item or "Any Other Business," the U.S. statement on an INFB should focus on the need to move forward with the establishment of an INFB, consistent with the Administration's advocacy of this initiative. End Summary.

Agenda Item 1: DG's Introductory Statement

13. (SBU) As is customary, the Director General will elaborate on his reports to the Board on each agenda item. On DPRK, the DG's oral remarks will substitute for a written report. Mission seeks to encourage the Director General to support an International Fuel Bank (INFB) initiatives in his introductory statement, in particular to seek Board approval of an INFB by June. DG ElBaradei is unlikely to comment on the election process for his successor. He may urge Member State support for the proposed 2010 budget increase and the Future of the Agency discussion in his remarks. No U.S. statement is appropriate; any comments should be reserved for the particular agenda item or AOB.

Agenda Item 2: Applications for Membership

14. (U) The Secretariat has not received new applications for IAEA membership and the item is likely to drop from the agenda. Mission will seek guidance if any new applications are forthcoming.

Agenda Item 3: 2008 Nuclear Safety Review

15. (U) The Safety Review agenda item will be the first time the U.S. takes the floor in the Board under the Obama Administration. After first noting that fact, the U.S. statement should begin with a broad expression of support for a robust IAEA, including in the areas of nuclear safety and security covered by the 2008 Nuclear Safety Review, "Measures to Strengthen International Cooperation in Nuclear, Radiation and Transport Safety and Waste Management" (GOV/2009/2). This report is supplemented by two Notes: "Safety related events and activities worldwide during 2008" (2009/Note 4) and "The Agency's safety standards: activities during 2008" (2009/Note 5). The U.S. should take note of all three documents and highlight the following:

--Safety is Essential: The IAEA has developed the Global Nuclear Safety Regime in these documents, underlining that nuclear safety is an important global responsibility. It is essential that all Member States take this responsibility seriously and ensure that all activities involving radioactive materials or nuclear technology are performed in accordance with the highest levels of safety. The U.S. should commend the IAEA for its significant impact on improvement of the Global Nuclear Safety Regime. The U.S. should encourage Member States to continue to stress the importance of safety by enacting rigorous legislation, establishing strong independent safety regulators, and making nuclear safety a priority.

-- Continuous Improvement: The IAEA stresses the need for countries not to become complacent about safety. Most of the more than 400 nuclear power facilities operating in the world today have maintained very good safety records and statistics show that safety worldwide has been steadily increasing. However, Member States cannot become complacent and must continue to focus on safety. Many nuclear plants are facing ageing issues since they are 40 years old or older. The aging work force is also a concern, as experienced plant operators, and safety regulators are reaching retirement age,

and there are large shortages of highly training qualified workers to fill the gap. The U.S. should state that these issues require a renewed commitment to keeping safety a priority. Member States cannot rest on their laurels of past safety performance while facing such large issues of maintaining an aging infrastructure. The U.S. should encourage Member States to maintain vigilance on safety of existing facilities by making use of IAEA peer review services, seeking out the lessons learned from other Member States and sharing operational feedback information, and by bi-lateral and multi-lateral cooperation on safety issues.

-- New Entrants: The Safety Review refers to the large number of countries that have expressed interest in nuclear power. The IAEA stresses that the same high level of safety currently applied to operating reactors must be applied to new and future reactors. High levels of safety and quality cannot be rushed and adequate time must be devoted to establishing a rigorous safety infrastructure to support the planning, bidding and construction stage of any reactor program. The nuclear industry is already seeing shortages of qualified workers to support current facilities and Member States must focus on capacity building. The U.S. should encourage Member States to continue to fully integrate a focus on safety during the planning and scheduling phases of any new facility; participate in international safety cooperation and collaboration activities; to increase safety infrastructures, and to sign up to the international safety conventions.

--Safety Conventions: The 4th meeting of the Convention on Nuclear Safety was held in 2008 and the next meeting of the Joint Convention on Spent fuel will be held in 2009. The U.S. should encourage other Member States to accede to Safety Conventions and praise the work IAEA has done to promote these Conventions, thereby increasing the safety and security of sources worldwide.

¶16. (U) The Safety Review also encompasses nuclear security programs. The U.S. statement should underline the importance we attribute to nuclear security and combating nuclear terrorism. We can highlight specific U.S. initiatives on supporting nuclear and other radiological security, emergency response, border radiation detection, conversion of research reactors from HEU to LEU, secure transportation of radiological sources and collaboration with the IAEA on overall HEU minimization globally.

¶17. (SBU) Note: The Arab Group may raise its request for an IAEA investigation of possible depleted uranium contamination in Gaza under the Safety Review agenda item. Mission recommends that the U.S. not engage this debate unless Arab Group members delve into areas outside the IAEA's mandate, or make erroneous attempts to link it to the Agency's safeguards function. A short contingency statement should focus on the technical findings of previous IAEA and UNEP depleted uranium studies, namely that DU has not caused any significant health concerns. The U.S. should note that the IAEA mandate relevant to DU does not extend beyond such health and safety surveys. End Note.

Agenda Item 4: Nuclear Technology Review

¶18. (U) The U.S. statement under this agenda item should underline support for research and development of peaceful uses of nuclear technology, a priority for the G-77, and the essential role of the IAEA in helping Member States understand how nuclear technology is best applied. The Agency's Nuclear Technology Review 2009 Report (GOV/2009/3) highlights the expansion of nuclear energy worldwide, and notes that new endeavors will not only help the environment but will also bring increased activity to many sectors of the world economy. The U.S. should express support for Agency's continued role in helping spread nuclear technology for development purposes as well as its role in the nuclear energy sector. Under this agenda item we should also update the Board on our bilateral and multilateral work with countries or mechanisms, including the Global Nuclear Energy Partnership (GNEP), which promote the use of nuclear energy in a safe and secure manner.

¶19. (SBU) Comment: Although the report is very comprehensive as regards nuclear power, there are some concerns. A chart on regional comparison of nuclear power costs (Figure A-1) indicates North

America has the highest estimated costs whereas Asia has the lowest. Cost estimates are extremely difficult to define and obtain, therefore, a regional comparison may be meaningless. This chart may create a false impression that American technologies are too costly. Furthermore, under section A.4: Additional factors affecting the future of nuclear power, in addition to "costs", the report does not mention factors such as oil price volatility, energy independence, energy security, and policies aimed at curbing CO2 emissions, which also affect decision-makers' consideration of nuclear energy as a viable and reliable energy source to meet growing energy demand. End Comment.

¶10. (U) The 2009 Report also speaks volumes about the Agency's work in providing Technical Cooperation (TC) to Member States to promote development in areas such as human health, agriculture, water management, and cancer therapy. The breadth and depth of the IAEA TC contributions to the world's developing societies, environment and scientific understanding would not be possible without the substantial U.S. annual contribution to the Technical Cooperation Fund. Given the Obama Administration's recognition of development as one of the core pillars of our foreign policy, these aspects of the IAEA's work should be highlighted along with our expectation that the Agency plan and implement projects that assist Member States in attaining commitments to global development. There are many examples of how nuclear technologies are being used to reach development goals in many regions throughout the world. One such application is the eradication of the insidious tsetse fly in Africa by sterilization of the pest using radiation and release of sterile males into the wild population in order to reduce the prevalence of human and livestock disease in large areas of Africa. The U.S. has traditionally supported this project not only monetarily but also through cost-free experts and it is one of the IAEA's TC success stories. A second TC "success story" is the use of nuclear technology in the development of nutritional therapies in combating diabetes, heart disease, and HIV/AIDS, while increasing understanding of how nutrition effects growth and human development from conception to adolescence. The U.S. statement can draw on these and other examples of our support to IAEA Technical Cooperation for development purposes.

Agenda Item 5a Conclusion of Safeguards Agreements, APs

¶11. (U) The Board will have before it a Comprehensive Safeguards Agreement (CSA) and Additional Protocol (AP) with Djibouti for approval. The Secretariat indicates that an AP with Bahrain may also be submitted before the March Board. We still see an India AP as unlikely for March. Recommendation and Action Request: Mission should join consensus in approving Djibouti's CSA and AP and any other agreements. USDEL may consider a short statement welcoming the conclusion of APs, noting implementation of the U.S. AP, and encouraging other countries to follow suit.

Agenda Item 5b Staff to be Used as Inspectors

¶12. (U) The Board Chair confirmed on February 17 that this item will be dropped from the agenda and considered at a subsequent meeting.

Agenda Item 5c DPRK

¶13. (SBU) Although no written report is expected on the implementation of safeguards in the DPRK, the Director General will again provide a brief oral update to the Board on the Agency's activities in country. The DG's remarks on disablement were less detailed in his November 2008 Board statement than in previous statements, only noting that the Agency has been monitoring disabling activities and left it to the Six Parties to brief on the results of any deliberations as "the Agency is not part of this process." We expect his March remarks to provide limited details on disablement.

¶14. (SBU) Mission anticipates interventions from the Six Party Talks

participants (China, Russia, Japan, and ROK), as well as from Australia, Canada, France on behalf of the EU, South Africa, Cuba on behalf of the NAM, Switzerland, and New Zealand. We expect Member States will express continued support for the Six Party process and call for a substantive, comprehensive role for the IAEA in the verification process. Recommendation and Action Request: As the first meeting under the Obama Administration, Mission recommends the U.S. statement reaffirm our support for the Six Party process and the IAEA's involvement in all stages of the implementation of the September 2005 Joint Statement. To the extent possible, Mission recommends the U.S. statement provide any updates on the status of discussions or negotiations in the Six Party talks. In addition, the U.S. statement should provide an update on disablement, which is especially important now that the DG appears to be moving away from providing details in his opening statement. We also should again voice our support for UNSCR 1718, noting that it remains in effect.

Agenda Item 6 Appointment of the Director General

¶15. (SBU) In accordance with the Rules of Procedure on Appointment of the Director General, the Board Chair will report to the Board on the outcome of her consultations with Board members regarding the two candidates, Japanese Governor Yukiya Amano and South African Governor Abdul Minty. She will indicate that there is no consensus. Recommendation and Action Request: By the time of the Board, we hope that the Board Chair will have announced the timing of a Special Session to conduct a formal vote, most likely on March 26. If she has not, the U.S., in consultation with other like-minded Board members, should deliver a strong statement urging a timely and transparent process for appointment of the next Director General. The statement should request a Special Session in March and deflect any effort to delay a vote until June, noting past precedent and the fact that holding a first vote in June would not allow any time for a new call for nominations should the Board be deadlocked on the two candidates, i.e. if neither of them can command the required two-thirds vote. The U.S. should seek an early decision so as to not drag out the process and exacerbate divisions on the Board. Any U.S. statement should be careful to portray this as a procedural matter and avoid the appearance of partiality toward a particular candidate. The U.S. can make a general statement acknowledging DG ElBaradei's stewardship of the Agency and looking forward to the continuation of this work by the next Director General.

¶16. (U) The U.K. is also preparing to send a letter with several co-sponsors, including the United States, to request the inclusion of an agenda item on term limits for the Director General in order to initiate a preliminary discussion. While most of the signatories are from the Geneva Group, we have actively sought G-77 support so that this is not perceived as a Western initiative. Recommendation and Action Request: The U.S. should deliver a strong statement of support for a two-term limit, consistent with best practices in other international organizations. We should be prepared to respond to possible G-77 arguments that previous IAEA Directors General have not been held to a two-term limit.

Agenda Item 7: Personnel Matters

¶17. (U) Consistent with the UN salary scale adopted at the 63rd UNGA, the Board is asked to approve a revision to the salary scale for professional staff and higher (including the Director General) at the IAEA. The IAEA has provisionally implemented the salary scale with an increase of 2.33 percent since January 1 and it will be applied on a no loss/no gain basis. Recommendation and Action Request: USDEL should join consensus in approving the salary scale. No statement is necessary.

Any Other Business: INFB

¶18. (SBU) Mission participated in a meeting with Russian and IAEA Officials February 13 previewing Russian intent to raise their proposal for a fuel assurance mechanism at the March Board under AOB (ref B). The U.S. AOB statement should welcome the Russian proposal

preview and urge the DG to report to the June Board on the Secretariat's views of the proposal and accompanying model agreements. We will also continue to seek Board approval of an International Nuclear Fuel Bank (INFB) by June. Mission seeks to encourage statements, particularly by potential recipient countries, calling for a more detailed discussion of Reliable Access to Nuclear Fuel (RANF) proposals at the June Board.

¶19. (SBU) The U.S. and other states, primarily those with enrichment capabilities, have previously and repeatedly expressed support for the implementation of a RANF mechanism under AOB. An INFB or other fuel assurances mechanism would be intended to supplement the existing commercial market for nuclear fuel and create an incentive for states voluntarily to choose the market over the development of indigenous uranium enrichment capacity. The IAEA has received several proposals for fuel assurance mechanisms, most of which are complementary. As reported ref B, the IAEA Secretariat has elicited agreement from Russia to establish a fuel reserve in Russia's International Uranium Enrichment Center at Angarsk and is developing concepts for an IAEA-administered fuel bank with initial funding generated through the Nuclear Threat Initiative (NTI) challenge grant. In the face of bitter opposition from the G-77 expressed in the September 2008 Board, the Director General has been unwilling to bring any of these concepts to the Board or to lead publicly by spurring consultation among Member States. Recent developments with the Russian proposal may allay ElBaradei's misgivings, however, Mission still believes Member States will need to call on the DG to lead on the issue. Mission has also floated at the working level with donors Norway, the UAE, and the EU the idea of a joint statement in the Board; however the Czech Republic as Presidency is already drafting an EU statement (for use under AoB) to formally notify the Board of its 25 million Euro contribution to an INFB and call for Board discussion of a concrete proposal. Mission will at a minimum urge the UAE to make a statement in the Board formalizing its pledge (as Norway did in November 2008) and calling for progress toward implementation.

20.(SBU) Recommendation and Action Request: The U.S. statement should reaffirm support for the safe, secure, proliferation-resistant development of nuclear energy as a means of meeting growing energy demands while mitigating the negative impact of carbon emissions. We should reaffirm our support for RANF and an INFB initiative, the implementation of which would aim to provide assured supply of nuclear fuel for states that wish to have the option of such a mechanism as they consider making nuclear power a component of their sustainable economic development and national energy policy. The statement should highlight U.S. support to an INFB, welcome Russian proposal preview, and call upon the DG and Secretariat to provide information to Member States prior to the June Board on Russian and NTI proposals so the Board can make necessary decisions on model agreements or use of NTI challenge grant funding.